

Name _____ Date _____ Period _____

PRICING MATH
Ch 27 Sec 2 – Calculating Discounts

CALCULATING DISCOUNTS

•Discounts are _____ of goods and services sold to customer.

–Multiply the _____ by the _____ to get the dollar amount of the _____

–_____ the discount from the price to get the _____

EMPLOYEE DISCOUNTS

•Discounts offered to _____ to encourage workers to buy the products they sell or manufacture.

•Can _____ or entry-level employee up to 50% or more for top-level executives.

DISCOUNTS FROM MANUFACTURERS AND DISTRIBUTORS:

•Cash

•Trade

•Quantity

•Seasonal

•Promotional

CASH

•Given to customers who _____.

•Invoice terms 3/15, net 60

–_____ of discount

–_____ from the date on the invoice to get the discount

–_____ from the date on the invoice that the payment _____.

•Determine the dollar discount _____

•Determine net price _____

Practice 1

- Big Jim's Trucking receives an invoice in the amount of \$175,000 showing the terms 2/10, net 30. If Big Jim's takes advantage of the discount, what will be the net amount due on the invoice?

TRADE DISCOUNTS

- _____ manufacturers' list prices -- not really discounts at all, but the _____ to wholesalers and retailers.
 - Determine the dollar discount _____
 - Determine net price _____

Practice 2

- A manufacturer gives retailers a 45-percent trade discount. The invoice received by ABC Department Store totals \$235,795; what is the amount of the store's discount? What is the amount payable to the manufacturer?

QUANTITY DISCOUNTS

- Offered to customers _____ quantities.

Practice 3

- Suppose a firm is required to buy \$10,000 worth of goods by August 15 in order to qualify for a 10-percent cumulative quantity discount. Would a firm that purchased

\$5,000 worth of goods on August 1 get the discount? What about one that purchased \$10,500 worth on August 20?

PROMOTIONAL DISCOUNTS

- Given to businesses that _____ or in some other way promote a manufacturer's _____.

– Divide the dollar discount by the original price.

- _____

- Change the decimal to a percentage by _____ the decimal two places to the right.

Practice 4

- A manufacturer offers a retailer \$750 as a promotional discount for advertising a certain product. What is the percentage discount if the total invoice was \$37,500?

SEASONAL DISCOUNTS

- Offered to encourage buyers to purchase goods long before the actual consumer buying season.

Practice 5

- Pedzinger Shoe Company offers retailers a 5-percent discount for placing orders by March 1. A retailer takes advantage of the offer and purchases \$78,290 worth of shoes by the cutoff date. What is the net amount payable on the invoice?